

IV. SLC/CCLC

69. If a portion of the CCL charge represents a subsidy to support universal service, what is the total amount of the subsidy? Please provide supporting evidence to substantiate such estimates. Supporting evidence should indicate the cost methodology used to estimate the magnitude of the subsidy (e.g., long-run incremental, short-run incremental, fully-distributed).

The CCL charge represents an apportionment of the relative costs for use of the local loop between interstate and infrastructure users. As a matter of law, all users of the local loop should pay some portion of the cost for their use thereof. As the Supreme Court made clear long ago:

It is obvious that, unless an apportionment is made, the intrastate service to which the exchange property is allocated will bear an undue burden

Smith v. Illinois Bell Tel. Co., 282 U.S. 133, 150-51 (1930).

70. If a portion of the CCL charge represents a contribution to the recovery of loop costs, please identify and discuss alternatives to the CCL charge for recovery of those costs from all interstate telecommunications service providers (e.g., bulk billing, flat rate/per-line charge).

The CCL charge represents a recovery of a portion of the local loop cost from interstate service. Provided that a reasonable share of the cost of the interstate carriers' use of the local loop is recovered there may be various methods which could achieve this result.

V. LOW-INCOME CONSUMERS

71. Should the new universal service fund provide support for the Lifeline and Linkup programs, in order to make those subsidies technologically and competitively neutral? If so, should the amount of the lifeline subsidy still be tied, as it is now, to the amount of the subscriber line charge?

Congress did not intend for the Commission to alter the Lifeline program. See 47 U.S.C. § 254(j) ("Nothing in this section [254] shall affect the collection, distribution, or administration of the Lifeline Assistance Program"). The Conference Committee

explained that "[n]ew subsection 254(j) has been added to clarify that this section [254] is not intended to alter the existing provision of Lifeline Service to needy consumers." Joint Explanatory Statement at 134

VI. CONCLUSION

For the Commission to further the objectives of universal service in this proceeding, it must target assistance to those subscribers and eligible telecommunications carriers (ETCs) most in need of such assistance. The Commission, therefore, should direct universal service assistance to ETCs serving low income individuals in areas of low telephone penetration. Second, the Commission should target a portion of universal service assistance to promote network expansion to low income subscribers.

August 2, 1996

Respectfully submitted,



Joe D. Edge
Richard J. Arsenault
Tina M. Pidgeon

DRINKER BIDDLE & REATH
901 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 842-8800

Counsel for Puerto Rico
Telephone Company

CERTIFICATE OF SERVICE

I, Lisa A. Dean, do hereby certify that on this 2nd day of August 1996, a copy of the foregoing was sent by first class U.S. mail, postage prepaid, to the parties listed below:

The Honorable Reed E. Hunt
Chairman Federal Communications Commission
1919 M Street, NW -- Room 814
Washington, D.C. 20554

The Honorable Susan Ness
Commissioner Federal Communications Commission
1919 M Street, N.W. -- Room 832
Washington, D.C. 20554

The Honorable Rachelle B. Chong
Commissioner Federal Communications Commission
1919 M Street, N.W. -- Room 844
Washington, D.C. 20554

The Honorable Julia Johnson
Commissioner Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

The Honorable Kenneth McClure
Vice Chairman
Missouri Public Service Commission
301 W. High Street, Suite 630
Jefferson City, MO 65102

The Honorable Sharon L. Nelson, Chairman
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

The Honorable Laska Schoenfelder, Commissioner
South Dakota Public Utilities Commission
500 E. Capital Avenue
Pierre, SD 57501

Martha S. Hogerty
Public Counsel for the State of Missouri
P.O. Box 7800
Harry S. Truman Building, Room 250
Jefferson City, MO 65102

Deborah Dupont
Federal Staff Chair
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Paul E. Pederson
State Staff Chair
Missouri Public Service Commission
P.O. Box 360
Truman State Office Building
Jefferson City, MO 65102

Eileen Benner
Idaho Public Utilities Commission
P.O. Box 83720
Boise, MD 83720-0074

Charles Bolle
South Dakota Public Utilities Commission
State Capital
500 E. Capital Avenue
Pierre, SD 57501-5070

William Howden
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Lorraine Kenyon
Alaska Public Utilities Commission
1016 West Sixth Avenue, Suite 400
Anchorage, AK 99501

Debra M. Kriete
Pennsylvania Public Utilities Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Clara Kuehn
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Mark Long
Florida Public Service Commission
2540 Shumard Oak Blvd.
Gerald Gunter Building
Tallahassee, FL 32399-0850

Samuel Loudenslager
Arkansas Public Service Commission
P O. Box 400
Little Rock, AR 72203-0400

Sandra Makeeff
Iowa Utilities Board
Lucas State Office Building
Des Moines, IA 50319

Philip F. McClelland
Pennsylvania Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

Michael A. McRae
D.C. Office of the People's Counsel
1133 15th Street, N.W. -- Suite 500
Washington, D.C. 20005

Rafi Mohammed
Federal Communications Commission
2000 L Street, N.W., Suite 312
Washington, D.C. 20036

Terry Monroe
New York Public Service Commission
Three Empire Plaza
Albany, NY 12223

Andrew Mulitz
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Mark Nadel
Federal Communications Commission
1919 M Street, N.W., Room 542
Washington, D.C. 20554

Gary Oddi
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Teresa Pitts
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Jeanine Poltronieri
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

James Bradford Ramsay
National Association of Regulatory Utility Commissioners
1201 Constitution Avenue, N.W.
Washington, D.C. 20423

Jonathan Reel
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Brian Roberts
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-5298

Gary Seigel
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Pamela Szymczak
Federal Communications Commission
2000 L Street, N.W., Suite 157
Washington, D.C. 20036


Whiting Thayer
Federal Communications Commission
2000 L Street, N.W., Suite 112
Washington, D.C. 20036

Deborah S. Waldbaum
Colorado Office of Consumer Counsel
1580 Logan Street, Suite 610
Denver, Colorado 80203

Alex Belinfante
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Larry Povich
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

ITS, Inc.
2100 M Street, N.W.
Suite 140
Washington, D.C. 20037



Lisa A. Dean